



CITY OF HUNTINGTON BEACH

City Council Meeting – Council Member Items Report

To: City Council
From: Casey McKeon, Council Member
Date: August 6, 2024
Subject: **Taxpayer Transparency – Evaluation of City Tax-Sharing**

ISSUE STATEMENT

There have been a number of questions raised recently about how taxpayer dollars are spent and how taxpayer dollars are shared in favor of big business in the City. The truth of the matter, is that the City works with big business all of the time to establish long-term, lucrative, and/or economically beneficial relationships. Due to the public's interest in how taxpayer dollars are spent or are shared for big business, I am requesting that City staff present the following financial information at the September 17, 2024 meeting:

1. What tax-sharing or incentives were provided to Amazon for locating its warehouse in north Huntington Beach. Additionally, how much is/was the "sharing" or City tax/revenues foregone by the City (i.e., the difference between what the City would have received in the aggregate over the years at the regular rate of tax, minus what the City actually has received in the aggregate over the years at a discounted rate of tax) as a result of these incentives.
2. What was the total amount of foregone rent revenue as a result of the City Council's March 31, 2020 action implementing rent abatement for tenants at various City-owned facilities related to COVID relief. How much did the "sharing" or "discount" or "write-off" of rents that were contemplated by leases between lessees and the City (i.e., the difference between what the City would have received in the aggregate over the years at the regular rent rates specified in the original leases, minus what the City actually has received in rents, if anything, during the rent abatement period) equate to.
 - a) List the Businesses/Lessees who were subject to the COVID rent abatement program.
 - b) List the time period of when COVID rent abatement was in effect for each of those Businesses/Lessees.
 - c) List the amount of rent each Business/Lessee did not pay during that rent abatement period.
 - d) Identify when the rent abatement period ended.

3. What tax-sharing or incentives have taken place due to the agreement(s) with the Car Dealerships for locating/improving car dealerships in Huntington Beach. Additionally, how much is the "sharing" or City tax/revenues foregone by the City (i.e., the difference between what the City would have received in the aggregate over the years at the regular rate of tax, minus what the City actually has received in the aggregate over the years at a discounted rate of tax) since the inception of the subject Agreement(s).
4. How much property tax per year will the City forego through the Breakwater and Elan property purchases. Further, how much foregone property tax will be owed to Local Government and Education Agencies, i.e. the County of Orange, Coast Community College District, Municipal Water District of Orange County etc., upon conveyance of the properties.
5. Any other example of cost sharing, tax sharing, or other type of financial concession to a private entity in the last five years.

RECOMMENDED ACTION

Direct the City Manager and Finance Director to report back to Council at the September 17, 2024 City Council Meeting with a written report and oral presentation with the answer to all of the aforementioned questions.

ENVIRONMENTAL STATUS

This action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has not potential for resulting in physical change to the environment, directly or indirectly.

STRATEGIC PLAN GOAL

Non Applicable - Administrative Item